

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL****FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

0 1 — 1 0 —

2. STATE:

NV

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

10-1-01

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42CFR Part 447, Subpart C

7. FEDERAL BUDGET IMPACT:

a. FFY 02 \$ 14,093,702b. FFY 03 \$ 24,493,153

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-D, page 1^{1a,}
1^{1a,} & 6a9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):Attachment 4.19-D, page 1^{1a,}
1^{1a,} & 6a

10. SUBJECT OF AMENDMENT:

Payment for long term nursing facility services

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Michael J. Willden

14. TITLE:

Director

15. DATE SUBMITTED:

November 2, 2001

16. RETURN TO:

Robin L. Landry, MSW
DHCFP-Supervisor, Hearings & Policy
1100 East William Street, Ste.100
Carson City, NV 89701**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

12/6/01

18. DATE APPROVED:

May 7, 2002

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

10/1/01

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

Linda Minamoto

22. TITLE: Associate Regional Administrator
Division of Medicaid

23. REMARKS:

PAYMENT FOR LONG TERM NURSING FACILITY SERVICES
METHODS AND STANDARDS

Payment is made for services provided in nursing facilities, including nursing facilities for the mentally retarded, in accordance with Section 1902(a)(13) of the Social Security Act as amended by Section 4711 of the Balanced Budget Act of 1997. Payments may never exceed a facility's customary charges. Reimbursement of transportation service in Clark, Washoe, Churchill, and Carson City counties nursing facilities is an exception to the general rule that reimbursement is made in accordance with 42 CFR Part 447, Subpart C.

A. Hospital-Based Facilities: (Hospital based facility is defined as: a) a facility sharing a common building or common tract of land with a hospital owned or operated by the state, or an instrumentality or unit of government within the state, located within a county of a population of 100,000 or less; or b) a facility (public or private) which prior to July 1, 1992, was paid for both inpatient hospital services under Attachment 4.19-A of the Medicaid State Plan and long-term nursing facility services under this section.)

1. Long-term care services are paid for under Medicare principles of reimbursement described in 42 CFR 413, including the routine cost limitations specified in 413.30 and further specified in HCFA Publication 15.

Effective October 1, 2001, hospital based nursing facilities shall continue to be reimbursed under Medicare's cost based reimbursement principles, along with the other provisions of paragraphs A.2 and A.3. Under this methodology, payment will follow any and all applicable Medicare upper payment limitation (UPL) requirements such that payments will not exceed the UPL. The rates the State of Nevada would pay per day of nursing facility care comply with the Medicare upper payment limit at 42 CFR 447.272, as amended. However, the routine cost limitation used in cost settlements shall be increased by \$19.41 effective October 1, 2001. To the extent that a hospital based provider's cost report includes a portion of a reporting period after September 30, 2001, the routine cost limit for the reporting period will be a weighted average of the routine cost limit before October 1, 2001 and the new cost limit including the \$19.41 increase. The weighting will be based on the number of months through September 2001 and the number of months after September 2001. The following example is provided to help clarify this weighting:

Example December 31, 2001 Hospital Based Cost Report Year End:

- | | |
|--|----------|
| a.) Routine cost limit prior to October 1, 2001 | \$100.00 |
| b.) Routine cost limit on or after October 1, 2001 | \$119.41 |

Cost limit for example hospital [((a) x 9/12) + ((b) x 3/12)] \$104.85

Note: The routine cost limits used in this example are not the actual routine cost limits that would be used in settlement. The \$100.00 example routine cost limit used in this example as a starting point was selected to ease in the demonstration only.

2. In no case may payment for hospital-based long term care services exceed the provider's customary charges to the general public or the Medicare payment to the hospital for extended care facility services.
3. Each facility is reimbursed the lower of 1) billed charge; or 2) an interim percentage of billed charges which is the ratio of costs to charges from the facility's most recently audited cost reporting period.

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B. Free-standing Facilities: (Free-standing facility is defined as any other facility providing nursing services.)

1. A prospective per diem rate is set for all costs, except those currently associated with property, return on equity, and certain ancillaries.

a. Nevada Medicaid generally follows the guidelines of the Medicare Provider Reimbursement Manual, parts one and two (HIM 15). In addition, Nevada Medicaid imposes the following limitations on cost:

1) Salaries:

Administrator	\$40,000 per year
Assistant Administrator	\$30,000 per year

Where a facility does not employ an assistant administrator, the administrator and assistant administrator salaries may be combined and then multiplied by the appropriate percentage as follows:

<u>Facility Size</u>	<u>% of Combined Salary</u>
151-170 beds	70%
171-190 beds	75%
191 and above	80%

These above limitations will be effective for facilities for cost reports ending in calendar year 1991. The limitations will be indexed forward annually by the percentage increase in the "Consumer Price Index for All Urban Consumers, All Items" for the previous calendar year. The facility size applies to weighted average licensed beds for the cost report period.

For purposes of determining whether the compensation paid to or claimed by an administrator or assistant administrator is reasonable and falls within the maximum allowable salary limitation, salary and benefits not generally available to all employees on an equal basis and remuneration, regardless of form, will be considered. Examples of items to be included in the comparison are salary, automobile provided, license fees, and other perquisites not granted to other employees.

2) Consultant Costs:

Medical Director - the greater of 204 per patient day or \$400 per month.

Pharmacist Consultant - 174 per patient day.

Dietary Consultant - 144 per patient day.

Social Worker Consultant - 134 per patient day.

Activities Consultant - 134 per patient day.

Medical Records Consultant - 84 per patient day.

TN# 01-10
Supersedes
TN# 92-25

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- c. Nurse Aide Training Costs: Nursing facilities are required to reimburse certified nurses aides (CNAs) if the CNA paid for the training within one year of being employed by the facility and has not previously been reimbursed. The amount nursing facilities are required to reimburse the CNA is limited to the cost of the class and books at Nevada community colleges. The aide is to be reimbursed after three months of employment in the facility. Nursing facilities must follow the procedures specified by Nevada Medicaid to receive reimbursement from Medicaid for their share of the amount paid to the CNA. Facilities, which conduct a training program, will continue to bill Medicaid for the cost of the training and competency evaluation.
 - d. Capital Related OBRA 87 costs: Nursing facilities are currently reimbursed for costs required to implement the changes in regulations for Life Safety Code and NATCEP through direct Medicaid billing. Some of the changes required the purchase of items which are capitalized. For such items cost is determined by the amount of depreciation which would be allowable per patient day and then multiplying that figure by the number of Medicaid days. The per patient day figure would be added to the property rate calculated in Section B(2) until the asset's depreciation is included in the cost report used to set rates.
 - e. Any additional costs resulting from OBRA 87 are promptly reimbursed upon notice by each individual facility. Since these costs will vary significantly for each facility, this approach not only provides for immediate reimbursement, but also protects those facilities which might incur substantially higher costs than others.
5. Effective October 1, 2001, the rates paid per day of nursing facility care to free standing nursing facilities shall be changed to reflect the increase in nursing facility rates provided for in the most recent Nevada legislative session. These rates shall remain in effect until January 1, 2002, at which time a new nursing facility reimbursement system will be implemented. In the event this new reimbursement system is not implemented by January 1, 2002, the October 1, 2001 rates shall remain in effect until the new system is adopted.

The methodology used to establish the free standing nursing facility rates effective October 1, 2001, builds upon other provisions of this rule. An operating rate for each of the six levels of care has been established. These are:

Skilled Nursing Level 3	\$260.18
Skilled Nursing Level 2	\$170.33
Skilled Nursing Level 1	\$129.26
Intermediate Care Level 3	\$109.38
Intermediate Care Level 2	\$ 89.90
Intermediate Care Level 1	\$ 74.58

The capital rates for each free standing nursing facility effective October 1, 2001 shall be the greater of the rate calculated with an effective date of July 1, 1999 or the rate calculated with an effective date of July 1, 2001. In the case of a facility that does not have a capital rate calculated for both July 1, 1999 and 2001, the rate calculated to be effective July 1, 2001 or later will be used.

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